
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Renewable and Distributed Resources Subcommittee

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State Activities

Arkansas

Net Metering Law Enacted

In April, "The Arkansas Renewable Energy Development Act of 2001" was enacted, which enables net metering beginning October 1, 2001. The act covers solar, wind, hydroelectric, geothermal, and biomass technologies; fuel cells and microturbines are also eligible if fueled by a renewable source. Eligible system size is limited to 25 kilowatts (kW) for residential systems and 100 kW for commercial systems. The PSC will develop the net-metering rules including the terms and conditions of interconnection and net-metering contracts.

California

CEC Sees Increase in RE Development

The California Energy Commission (CEC) released the renewable investment plan called for in the state's Reliable Electric Service Investments Act of 2000 (**SREN**, Fall 2000). The law requires that a total of \$135 million be collected annually for the next 10 years from ratepayers of the state's three investor-owned utilities to support renewable energy (RE).

The legislation required the CEC to establish numerical targets reflecting the increased supply of renewable generation that will result from the plan. In its report, the CEC establishes a target to increase the overall contribution from renewables to 17% of total electric supply from a level of 12% in 2001.

The legislature also asked the commission to evaluate the appropriateness of a mandatory state purchase of renewable energy. The CEC reported that "because of institutional and legal barriers . . . the Commission does not believe it is reasonable at this time to mandate State purchases of renewable energy." Instead, the CEC suggests that the state explore alternative options, such as the development of "renewable, grid-connected distributed generation technologies at its own facilities."

CEC Contact:

Marwan Masri, (916) 654-4531

State Expands Small System Incentives

Governor Gray Davis signed into law a bill (ABX1 29) that raises the size limitation for net-metered systems in California from 10 kW to 1 megawatt (MW). The CPUC also announced new incentives designed to encourage residential and business customers to generate their own power. The CPUC approved expenditures of \$138 million each year through December 31, 2004, for programs to reduce peak demand and "to encourage consumers to install renewable or super-clean distributed generation." A portion of the monies will be used to provide payments of \$4.50 per watt, or up to 50% of the system cost, to customers that install photovoltaic (PV) systems, fuel cells that use renewable fuels, or wind turbines, ranging in size from 30 kW to 1 MW. The funds are to be recovered from the state's investor-owned utilities.

Separately, the CEC increased customer rebates from \$3.00 to \$4.50 a watt, or up to 50% of an eligible renewable system's purchase price, in its Emerging Renewables Buydown Program. The rebates apply to PV, small wind (10 kW or less), fuel cells using renewable fuels, and solar thermal electric generation systems. All types of electricity customers are eligible: residential, commercial, agricultural, and industrial.

CPUC Contact:

Kyle DeVine (213) 576-7050

Georgia

Legislature Passes "Green Metering" Bill

Governor Roy Barnes signed into law a net-metering requirement that allows customer generators to be compensated at a higher-than-avoided-cost rate if the utility uses the power to supply a green pricing program. Under the law, customers can be compensated for any power produced in excess of on-site needs or for all of the power generated from the system, depending on the metering arrangement selected.

The net-metering requirement applies to PV, fuel cell, and wind systems of up to 10 kW for residential applications and up to 100 kW for commercial applications. Utilities are required to purchase the excess power from an eligible customer generator until the cumulative renewable energy capacity reaches 0.2% of the utility's system peak load.

Hawaii

State Enacts Net Metering, RE Goal

In June, Hawaii became the 34th state to enact net-metering legislation. The new law (HB173 CD1) applies to residential and "small commercial" customers with solar, wind, biomass, and hydroelectric systems 10 kW and smaller. Utilities must offer net metering to eligible customers until total net-metering capacity equals 0.5% of each utility's peak demand, which corresponds to a total state net-metering capacity of about 10 MW.

Hawaii also joins some other states in adopting uniform, standardized interconnection requirements as part of its net-metering

law. The law requires eligible systems to meet national IEEE and UL standards, and to be installed in accordance with the requirements of the National Electrical Code (NEC) and local codes. Customers with systems meeting these standards cannot be required by utilities to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

On the other hand, Hawaii is one of few net-metering states that fails to provide for month-to-month "carryover credit" for any net excess generation. Instead, a customer whose system produces more electricity than consumed during the month will be able to net their energy use to zero, but will not receive any compensation for the excess generation.

The law also establishes a goal for each electric utility company in the state to provide 7% of its net electricity sales from renewable energy sources by the end of 2003, increasing to 9% in 2010; about 7% of the state's power supply currently comes from renewable energy. Any utility not meeting the goal must report to the PUC, which will decide whether to grant a waiver from the goal or a compliance extension. There is no penalty for non-compliance.

Net Metering Contact:

Tom Starrs, (206) 463-7571

Hawaii State Energy Office Contact:

Maria Tome, (808) 587-3809

Indiana

Air Rule Includes RE/EE Incentives

The Indiana Air Pollution Control Board adopted a new rule that creates incentives for developing renewable energy and energy efficiency (RE/EE) in the state. The Indiana Nitrogen Oxides Control Rule will reduce nitrogen oxide emissions from fossil-fueled power plants by 66% by May 31, 2004. The rule also establishes a system of tradable emissions credits of which 2% will be set aside to create incentives for RREE projects. The Hoosier Environmental Council estimates that the market could generate \$2.1 million in incentives.

Iowa

Utilities Must Offer Green Pricing

Governor Thomas Vilsack signed into law a bill (HF 577) requiring all electric utilities operating in the state, including those not regulated by the Iowa Utilities Board (IUB), to offer green power options to their customers beginning January 1, 2004. Utilities can offer programs that allow customers to make contributions to support the development of alternate (renewable) energy sources in Iowa or tariff-based programs that are tied to a customer's actual electricity use. Rate-regulated utilities must file program plans and tariff schedules with the IUB.

Maryland

State Agencies to Buy Green Power

Stating that "state government has a responsibility to maximize our resources and minimize the impact on our environment," Governor Parris Glendening issued an executive order calling for at least 6% of the electricity consumed by state-owned facilities to be generated from "green" energy sources, such as wind, solar, landfill gas, and other biomass resources. The order specifies that no more than 50% of the power procured to meet the requirement come from municipal solid waste facilities. There are no penalties for agencies that do not comply.

The order also calls for a reduction in energy use in state buildings of 10% per square foot by 2005 and 15% by 2010, and requires all new energy-using products to carry the "Energy Star" label or "be in the top 25% of energy-efficiency when labeled products are unavailable."

Contacts:

Michelle Byrnie, (410) 974-2316

Massachusetts

Renewable Energy Funding Available

The Massachusetts Technology Park Corporation (MTPC), which administers the Massachusetts Renewable Energy Trust Fund established in the state's 1997 electricity restructuring law, is providing seed funding for the formation of consumer

aggregation groups to purchase green power and/or renewable energy technologies. MTPC has a total of \$750,000 available this year to fund eligible government and non-profit aggregation groups and is allocating up to \$150,000 for each selected project.

MTPC is also providing funding for the development of New England-based, grid-connected renewable energy facilities of at least 1 MW in size. Funding is available for pre-development activities but not for construction costs, and the projects must be intended to provide electricity to consumers in Massachusetts rather than on-site electricity. Applications are being accepted on a rolling basis until all funds have been allocated.

MTPC: (508) 870-0312

Minnesota

RE Targets, Green Pricing Required

Governor Jesse Ventura signed into law a bill (SB 722) that establishes annual targets for all utilities in the state to supply a small but growing percentage of their electricity from renewable energy resources, defined as wind, solar, biomass, or low-capacity hydro, reaching 10% by 2015. Though utilities are only required to "make a good-faith effort" to meet the targets, they must report their progress to the PUC under the state's resource planning provision, which has a strong preference for renewable resources (**SREN**, Summer 1993). The PUC is also directed to compile information on renewable energy costs and utility progress toward meeting the targets and recommend possible measures for consideration during the 2002 legislative session.

The law also requires the state's electric utilities to offer customers voluntary options to purchase power generated from renewable sources or "high-efficiency, low-emission distributed generation, such as fuel cells or microturbines fueled by a renewable fuel." Rates charged for the offerings must be based on the difference between the cost of the renewable energy and the same amount of nonrenewable energy. Utilities may

generate the renewable energy directly or purchase credits from a renewable energy provider certified by the PUC.

Montana

SBC Extended, Green Pricing Required

Governor Judy Martz signed into law an omnibus energy bill (HB 474) that extends the state's universal system benefits program funding through 2005. The system benefits charge (SBC) was established in the state's 1997 electric utility restructuring law to ensure continued funding and new expenditures for energy conservation, renewables, and low-income energy assistance programs, with the funding level set at 2.4% of each utility's 1995 retail sales revenue (**SREN**, Summer 1997). The new law adds "energy conservation measures for irrigated agriculture" to the list of measures to be funded through the program.

The new law also requires regulated electric utilities to offer their customers an opportunity to purchase "a separately marketed product composed of power from renewable resources," defined as biomass, wind, solar, or geothermal resources. The product may be priced differently from the standard electricity product.

New Clean Air Law Helps Renewables

Governor Judy Martz signed into law Senate Bill 506, which establishes a clean-air investment fund within the Department of Environmental Quality to promote development of alternative renewable energy sources, including wind, solar, geothermal, fuel cells, biomass, hydroelectric, and solid waste methane systems up to 1 MW in size. The revolving loan fund will be supported with monies collected from administrative penalties for clean air violations within the state.

The law also provides a 35% investment tax credit for businesses manufacturing alternative energy-generating equipment, using energy from alternative energy-generating equipment, or installing net-metering equipment for connecting alternative energy generation systems to the electrical grid.

Nevada

New RPS Expands RE Requirement

Shortly after repealing the electricity restructuring law that it enacted in 1997, the legislature passed, and Governor Kenny Guinn signed, a bill (SB 372) calling for the state's investor-owned utilities to gradually increase the amount of power they buy or generate from renewable sources, from a level of 5% of electricity sold in 2003 to 15% in 2013. The restructuring law had included a renewables portfolio standard (RPS) of only 1% to be achieved by 2010 (**SREN**, Summer 1997). It is estimated that the new RPS requirement for 2013 represents the equivalent of more than 1,000 MW of renewable energy generation.

State Energy Office Contact:

Dave McNeil, (775) 687-4909

New Jersey

State Agencies Purchase Green Power

A group of state agencies and universities are purchasing green power to meet about 15% of their collective electricity needs. The group has contracted with Conectiv Energy to purchase *Nature's Power 50*, a 50% renewable, *Green-e*-certified product supplied from landfill gas and small hydro resources. Over the course of the 16-month contract, the group will purchase a total of 152 million kilowatt-hours (kWh) at a cost of \$2.1 million, or about 1.7¢/kWh more than the cost of system power. Conectiv will supply the power through January 2002.

State Contact:

Joe Carpenter, (609) 292-4871

New York

Governor Calls for State RE Purchases

Governor George Pataki issued an Executive Order calling for state agencies to obtain 10% of their electricity needs from renewable sources, such as wind, solar, biomass, geothermal, and fuel cells, by 2005, with the percentage increasing to 20% by 2010. The order applies to state buildings and those of quasi-independent organizations such as the State University of New York and the Metropolitan Transportation Authority. The order also calls for state agencies to

implement energy-efficient practices, increase purchases of energy-efficient products, and follow green building standards for new construction and renovation projects.

NYSERDA Funds Green Power Education

The New York State Energy Research and Development Authority (NYSERDA) expects to spend \$1 million over the next two years to support activities that raise awareness, address barriers, and increase the adoption of green power and renewable energy technologies in New York State. NYSERDA is requesting proposals for the design and implementation of a series of technical training, education, outreach, and market support initiatives for renewable energy technologies and green power markets. A portion of the funds will be used to support a series of research papers for corporate and policy stakeholders that explore market development strategies for green power and end-use renewable technologies.

NYSERDA Contact:

Adele Ferranti, (518) 862-1090 x3206

Oregon

OPUC Approves Green Power Options

The OPUC approved new energy portfolio options, including green power, that will be available to residential and small nonresidential customers of the state's two large investor-owned utilities beginning this fall. Under the state's 1999 restructuring law, Portland General Electric (PGE) and PacifiCorp are required to provide a market-based rate option and at least one renewable energy option.

The OPUC approved three types of renewable energy options, which essentially correspond to green power products already being offered by the two utilities. The first option is a renewable resources block product, which allows customers to buy one or more blocks of renewable power each month. The second option is a blended renewable energy product containing a minimum of 50% renewable energy with at least 15% coming from new renewable sources; the remaining product content must meet regional system average emissions as

well as the state's siting standard for carbon dioxide emissions (**SREN**, Summer 1997). The final option is an "environmental mitigation product," which allows customers to purchase blocks of power from renewable sources that will help restore threatened or endangered fish species.

The PUC plans to set rates for the new product options this summer. Consumers will receive enrollment packages in August and will be able to switch to one of the alternative service options starting in October.

OPUC Contact:

Bob Valdez, (503) 378-8962

Rhode Island

State Seeking Green Power Purchasers

The Rhode Island Renewable Energy Collaborative has \$500,000 in funds available to encourage green-power purchases by large electricity customers, including businesses, government agencies, and institutional customers. The collaborative is seeking proposals from either large purchasers or registered retail electricity suppliers that sell to large customers. Funds can be used for rebates or purchase incentives to offset a portion of the cost of green power purchases.

The collaborative also has \$1.25 million in funding available to provide incentives for developing new renewable projects in New England that can serve customer demand in Rhode Island. Both solicitations will remain open through October 31, 2001, or until all funds are committed.

Collaborative Contact:

Kate Ringe-Welch, (401) 784-7348

Washington

New Law Requires Green Power Offerings

Governor Gary Locke signed into law a bill (HB 2247) requiring the state's electric utilities to offer customers voluntary renewable-energy purchase options beginning January 1, 2002. Utilities are required to notify customers regularly through billing statements of voluntary options to purchase renewable energy at fixed or variable rates. The green power can be

supplied from the following qualified energy sources: wind, solar, geothermal, landfill or wastewater treatment gas, wave or tidal action, biomass, and low-impact hydro.

Legislation was also approved extending tax exemptions for small solar, wind, and fuel cell projects (HB 1859), and current treatment of geothermal energy development (SB 6107).

Governor's Office: (360) 902-4111

Other Activities

FERC Rejects Net Metering Challenge

The Federal Energy Regulatory Commission (FERC) rejected a legal challenge to Iowa's net-metering policy brought by MidAmerican Energy Company. In an October 1998 petition, MidAmerican, an Iowa-based, interstate public utility, argued that the state's net billing policy for residential renewable energy systems violates previous FERC rulings, which have found that utilities cannot be required to purchase power from renewable energy producers at a price in excess of avoided cost. The utility also argued that the policy violates the Federal Power Act, under which FERC is the appropriate regulatory authority for wholesale electric energy transactions in interstate commerce.

FERC found that "the issue in this case is how to measure the transaction between MidAmerican and those entities that have installed generation on their premises," with MidAmerican arguing that a net-billing arrangement constitutes a sale of electricity from the generator to the utility that must be priced according to federal law. However, FERC found that "no sale occurs when an individual homeowner or farmer (or similar entity such as a business) installs generation and accounts for its dealings with the utility through the practice of netting." FERC also found that measuring the netting over the monthly billing cycle for retail customers is "reasonable."

Net Metering Contact:

Tom Starrs (206) 463-7571

State Regulators Issue Policy Principles

Twenty-three state utility regulators, representing 13 different states, issued a set of electricity policy principles for consideration by NARUC and the nation at large. The principles are promoted as presenting "a balance between supply and demand, while recognizing the important role of energy efficiency, as well as environmental and consumer protection."

Among the principles espoused are that "renewable energy, energy efficiency and conservation should be central to American energy policy" because "they help achieve goals such as reliability, diversity, and price stability, while mitigating both air and water pollution." Also, "information disclosure — by generation type and environmental impacts — should be required of all load-serving entities to give customers information about their choices and their impacts."

Contact MT Commissioner Bob Anderson, (406) 444-6169

NEM Issues DG Guidelines

Noting that while "our country is urgently in need of new generation investments . . . there are far too many penalties and barriers to small consumers who wish to invest in distributed generation," the National Energy Marketers Association (NEM) issued "National Guidelines for Implementing Distributed Generation and Related Services." Among the group's recommendations are that regulators should unbundle and redesign distribution rates, eliminate penalties, redundant charges, barriers to entry, and implement tariffs that encourage investment in distributed generation; utilities must provide consumers that invest in distributed generation equal, non-discriminatory access to markets for power and auxiliary services; and the federal and state governments must adopt uniform technical requirements and procedures for interconnection of distributed generation technology.

NEM Headquarters, (202) 333-3288

Internet Links:

Arkansas Net Metering Law (Act 1781):

<http://www.arkleg.state.ar.us/ftp/act/2001/htm/act1781.pdf>

CEC Report, Investing in Renewable Electricity Generation in California:

http://38.144.192.166/renewables/00-REN-1194/documents/2001-6-22_500-00-022.PDF

California Assembly Bill No. 29:

http://www.leginfo.ca.gov/pub/bill/asm/ab_0001-0050/abx1_29_bill_20010412_chaptered.pdf

CEC Buy-down Program Web Page:

<http://www.consumerenergycenter.org/buydown/index.html>

CEC News Release: Higher Rebates OK'd for Renewable Energy Systems:

http://www.energy.ca.gov/releases/2001_releases/2001-05-22_higher_rebate.html

Georgia Cogeneration and Net Metering Act (SB93):

http://www.legis.state.ga.us/Legis/2001_02/sum/sb93.htm

Information on the Hawaii Renewable Energy Goal:

<http://www.hawaii.gov/dbedt/ert/rps.html>

Hawaii Renewable Energy Bill (HB173 CD1):

http://www.capitol.hawaii.gov/session2001/bills/hb173_cd1_.htm

Final Indiana Nitrogen Oxides Control Rule:

<http://www.in.gov/idem/oam/standard/Sip/NOXfinal.pdf>

Indiana State Press Release on Final Nitrogen Oxides Control Rule:

<http://www.IN.gov/serv/presscal?PF=aiin&Clist=16&Elist=36283>

Iowa House File 577:

<http://www.legis.state.ia.us/GA/79GA/Legislation/HF/00500/HF00577/Current.html>

Maryland Governor's Executive Order Setting New "Green" Standard:

<http://www.gov.state.md.us/gov/press/2001/mar/html/green.html>

Massachusetts Renewable Energy Trust Fund:

<http://www.mtpc.org/massrenew/massrenew.htm#>

Minnesota Omnibus Energy Bill (SF 772):

<http://www.senate.leg.state.mn.us/departments/scr/billsumm/SF722.HTM>

Montana House Bill No. 474:

<http://data.opi.state.mt.us/bills/2001/billhtml/HB0474.htm>

Montana Senate Bill No. 506:

<http://data.opi.state.mt.us/bills/2001/billhtml/SB0506.htm>

Nevada Senate Bill 372:

http://www.leg.state.nv.us/71st/bills/SB/SB372_EN.pdf

New York Governor Announces Creation of Greenhouse Gas Task Force:
http://www.state.ny.us/governor/press/year01/june10_01.htm

NYSERDA Renewable Energy Education Program Opportunity Notice:
<http://www.nyserda.org/590pon.html>

Oregon PUC Expands Energy Choices for Consumers (News Release):
http://www.puc.state.or.us/press/2001/2001_012.htm

Washington Governor Locke Signs Bills to Enhance Washington's Energy Resources:
<http://www.governor.wa.gov/press/2001/01050801.htm>

Washington Energy Supply And Demand Management Legislation (HB 2247):
http://www.leg.wa.gov/pub/billinfo/2001-02/House/2225-2249/2247_sl_05102001.txt

State Regulator Document on Electricity Policies in the Public Interest:
<http://www.psc.state.mt.us/pdf/BAElectricityPoliciesinthePublicInterest.pdf>

National Energy Marketers Association Website:
<http://www.energymarketers.com>

This newsletter is prepared for the NARUC Renewable and Distributed Resources Subcommittee to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey, National Renewable Energy Laboratory, at (303) 384-7455 or Blair_Swezey@nrel.gov Past issues are available at: <http://www.nrel.gov/analysis/emma/projects/sren/>

The Subcommittee Chairman is the Honorable Roger Hamilton, Commissioner, Oregon Public Utility Commission.